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PSYCHOLOGICAL WARFARE SIGNIFICANCE OF RECENT SHIFTS IN THE FRENCH SOCIAL STRUCTURE

Description

An analysis of the distribution of the French money income among different social groups, and of the new social trends involved with their meaning for psychological warfare.

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PSYCHOLOGICAL WARFARE SIGNIFICANCE OF RECENT SHIFTS IN THE FRENCH SOCIAL STRUCTURE

Summary and Conclusions

1. French real income has undergone a drastic decline since June 1940. In addition, within this shrunken real income, the distribution among the different social groups has also undergone sharp changes.

2. Agricultural money income now appears to represent from 25 to 30 percent of the total money income, instead of 15 to 20 percent, as in pre-war times. In terms of real income, the agricultural situation is certainly not as good as it was in pre-war times. But, as compared to other groups, the farmers are much better off than all others.

3. Workers' and employees' money income now represents only about 40 percent of the total money income. Workers of all categories, including governmental employees, have been the conspicuous victims of the Vichy regime and of the German occupation.

4. Pensioners, rentiers, all people living on fixed incomes (and this includes landlords whose rents have been fixed, or perhaps not even been paid by war prisoners' families) are also, along with wage earners, the outstanding victims of prevailing conditions.

5. Differing trends have prevailed among the industrial and business classes.

Producers engaged in manufacturing consumers' goods, such as

textiles, have suffered heavy losses. On the other hand, all industrial producers working on German orders have benefited from the situation; businessmen have made important profits either on the official or on the black markets. Banks, which have supported the borrowing policy of the government and of large private producers have also benefited, without any risk, from the present situation.

6. The rise of new bureaucracies among producers and trade unions has also had important social implications.

7. In terms of psychological warfare, what could and should be done by the United Nations is to:

.) Show that the apparent "prosperity" of some rural sections is purely artificial. No doubt farmers are selling their goods at very high prices, having enjoyed the favor of Vichy. But what is the real value of the enormous amount of money which they have hoarded during the past three years? Nothing, if they do not find goods to buy with that money. Since 1940 they have been living on their real capital; they are exhausting their soil, which lacks fertilizers; their equipment is worn out; they have no fuel to transport their crops to the markets; they are submitted to a rigid and thorough bureaucratic supervision; and as one of them put it, "There are four parasites to every producer." Accordingly they ought to wish for the early victory of the Allies, a victory which will re-open foreign sources of supply for seeds, fertilizers, equipment, fuel, and means of transportation.

b) Tell French peasants that to hasten victory they must do whatever they can to aid town dwellers and city workers. They must help young men to escape deportation to Germany. They must sell their surplus foodstuffs to city workers at low prices to assist them in their fight against starvation.

c) Inform the workers that one of the first preoccupations of liberated France will be to improve their lot and to insure them a fitting share in the national income. This will come both from an improvement in wage scales, and from a larger available supply of goods at fair prices.

Make them see simultaneously that the Allies fully realize that the Vichy trade union "reform" is purely artificial and that they intend that the workers shall have freedom to choose their own representatives when France is liberated.

d) Direct special propaganda toward small industrial producers and craftsmen -- two groups which before the war showed occasional sympathy for the Fascist corporative system. They also are outstanding victims of the Vichy regime. The promises of Vichy to fight against the trusts and to protect small producers should be recalled; the actual results, a victimization of small producers and craftsmen arising out of the ruthless industrial concentration which has taken place since the end of 1941, should be constantly stressed.

e) Publicize the obvious tragedy of the petits rentiers and pensioners. Vichy boasts that it has saved several billion francs in

converting the pre-war public debt. "Little men" are the victims of this deflationary policy. Simultaneously, due largely to the German occupation costs, the present public debt is about three times as high as the pre-war debt. The creation of this enormous "surplus" has been of direct advantage to the banks, which have made big profits while the "little men" were starving.

f. Underline the contrast between the difficult situation of governmental employees, intellectuals, and professionals, and the scandalous profits made by collaborationist industrialists and black market operators of all kinds.

I. MATERIAL CHANGES IN REAL INCOME

National income, as studied here, includes all money income received by farmers,[1] wage and salary earners (including governmental and other public employees), industrialists and businessmen, urban and rural landlords, pensioners and rentiers, and the owners of stocks and bonds.

According to the Frankfurter Zeitung (14 February 1943) in a study partly reproduced and commented on by the London Economist (10 July 1943), the French national income for 1942, excluding relatively minor items like those "deriving from transportation activities," could be put at 200 to 220 billion French francs. The bulk of this national income was represented by farmers' income, which was between 110 and 125 billion francs. Whereas the farmers' income was about one-third of the total national income in pre-war times, it has now become at least two-thirds, if not three-fourths.

The Economist further states:

> "Grain crops in recent years have been some 30 percent less than the pre-war average; considerable losses have taken place in agricultural machinery and cattle. Even so, the peasantry has been undoubtedly much better off than any other section of the French population, a fact that is likely to accentuate the traditional antagonism between town and countryside."

Such estimates of national income are never very accurate, and the Frankfurter Zeitung does not give serious and convincing evidence in support of its figures. The conclusion concerning farmers' income is probably more a feeling than a statistical calculation. However,

1. In the case of farmers, the money income includes also the value of products consumed by the farmers themselves.

the German paper justifies this feeling by two good reasons:

a) The average price of French agricultural properties is from six to seven times that prevailing in the pre-war period.[1]

b) It is also assumed that the value of the French agricultural production as of 1942 was ten times as great as the pre-war value. Even taking account of the increased prices for agricultural equipment and overhead and increased rent, farmers' net income is put at 110-125 billions. All this is reproduced without any discussion by the London Economist.

These results must be closely scrutinized. Some of the conclusions of the Frankfurter Zeitung seem by and large acceptable, but need further justification. It is true that some black market prices are now ten times -- or even more than ten times -- as high as pre-war prices; but this is by no means general, and the fact that, along with the black market, an official market still exists, should not be overlooked.

A. Agricultural Income

Very rough pre-war estimates of agricultural income were usually made every year by M. Dugé de Bernonville.[2] According to this official

1. It would be even higher if the real estate market had not been artificially restricted by close governmental supervision. All operations on this market are now limited to farmers themselves, and city investors are usually forbidden to take part in them. Furthermore, new regulations concerning the indivisibility of small farms after their owners' deaths have also curbed the volume of real estate transactions.
2. La France Economique en 1938, p. 954. M. Dugé de Bernonville was Assistant Chief of the "Statistique Générale de la France," the French governmental statistical agency.

statistician, the total 1938 value of French agricultural production, including the production consumed by the farmers themselves, could be put roughly at 90 billion francs. About 30 billions of this represented overhead, purchases of equipment, fuel, tools, fertilizers, etc., and about 18 billions represented agricultural wages paid to agricultural workers and employees.

Thus 42 billion represented the remaining money income of the farm population. This income included the rent, interest on, and amortization of all capital invested in agriculture.

Since the farm population comprised 35 to 40 percent of the French population, and this 42 billion represented only some 16 percent of the total 1938 French money income, as calculated by M. de Bernonville, it would seem that French farmers, as a group, were rather badly off in the pre-war set-up.

But the so-called farm population also included farm workers and employees whose wages amounted to 18 billions. These people received payment in kind in addition to their money wages. Thus the total money income of the farmers' group was probably higher than 42 plus 18 billions, or 22 percent of the total income. Besides most farmers owned their farms and had no rent to pay, while farm hands usually received free lodging. If we remember that rent represented from 8 to 10 percent of the city workers' annual expenses, it will be realized that the figures quoted above do not indicate an economic situation greatly different from that of city workers. Of course, the standard of living of French farmers differed from that of city workers; the former spent much less than the latter for clothing, transportation,

medical and personal care.

Once more it must be emphasized that such estimates are not scientific. Their author, M. Dugé de Bernonville, although one of the highest statistical authorities in France, certainly did not consider them as scientific. There was a general tendency among French agricultural groups to darken the general picture of French agriculture to support their claims for more and more governmental protection and subsidies. But the figures quoted above give at least the general trend of farmers' incomes.

The present situation, however, is quite different. Since agricultural production in all parts of France has declined, a smaller income might be expected. But the official prices now prevailing are much higher than pre-war prices and in addition a conspicuous percentage of production is diverted into black market channels at even higher prices; both of these factors result in a much higher agricultural income. It is impossible to give completely accurate statistics on general production, and the mercurial black market prices vary sharply from one region to another. In Appendix I an attempt has been made to correlate the 1938 and the 1942-43 indices on such staples as wheat, potatoes, meat, eggs, milk, butter, and wine. Using these figures as the basis for rough estimates, it seems reasonable to assume that the total value in French francs of agricultural production in 1942 could be put at about double that in 1938. This differs sharply from the estimate of the Frankfurter Zeitung,[1] which puts it at ten times the

1. If this estimate of the Frankfurter Zeitung were correct, and taking account of a decline of 20 percent in the quantities produced, the current value of the French farm production should be: 90x10x80/100 or 720 billion. Farmers' income would accordingly exceed 600 billion, whereas the Frankfurter Zeitung itself puts it at 110-15 billion.

1938 figure.

This would make the gross value of agricultural production in 1942 approximately 180 billions. These estimates do not take account of the quantities of certain staple items like wheat, potatoes, milk utilized for animal feed and the quantities of the crops used for seed. These quantities would be sold at neither official prices nor at black market prices, and, at least in the case of potatoes, they are very substantial.

Of course, in pre-war times, the same products were also consumed as feedstuffs. For instance, French farmers consumed 24 percent of the produced milk as feedstuff[1]; about 10 percent of wheat and potatoes were also consumed as seed and accordingly not sold on the market. Since the Armistice, due to the lack of fodder and artificial feedstuffs, the quantities of wheat, potatoes, and milk used as feedstuffs are probably substantial; wheat and potatoes are also retained by the farmers as seed.

But in the light of the necessary roughness of the price estimates made here it does not seem worthwhile to change the figure of 180 billions.

Even such a figure, which will appear quite conservative if compared with the German approximation reproduced by the London Economist could be questioned.

In fact very little is known about the economics of the black market. The actual French consumption of foodstuffs includes:

foodstuffs purchased on the official legal market

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1. Statistique agricole de la France, 1937. Paris. Table 206, p. 206.

Foodstuffs consumed directly by farmers

Foodstuffs consumed outside the official channels, either at the so-called black market prices, or at prices in between the legal and the black market prices. These might be very close to the official prices if the farmers sell their products directly to relatives and friends, without making real black market profits.

Besides, when we speak of a total value of 480 billions for agricultural production, we mean the value on the consumers' market, which is obviously higher than what the farmers actually get. The difference includes the usual commercial margins, increased by the black market profits which remain in the hands of black market operators and not of the farmers themselves. These margins are distributed between wages paid to commercial employees and commercial profits -- especially black market profits. Since black market operations are involved in the making of the farmer's income, it would seem that these margins could be very high and that a substantial amount of the prices paid by consumers remains in the hands of the black market dealers and does not go to the farmers themselves.

But this is not generally true. Most transactions on the black market are conducted directly between the farmers themselves and their clients. French farmers are very thrifty persons; they are not ready to grant important margins to dealers when they are perfectly able to sell directly to city dwellers at black market prices. Besides, many black market operations are made with the Germans who buy directly on the farms and at very high prices; in this case as in many others it would be an error to imagine that the farmers do not enjoy the full

benefit of their operations. The French black market is usually of a "family type" without extensive organization as large scale racketeering.

If we assume that these margins represent about 20 percent of the total value, and that about one-half of these remain in the farmers' hands as black market profits, the net annual income could be put roughly at 160 billions, and the remaining 20 billions would go to wages and salaries and to commercial profits.

Total agricultural wages, according to the Frankfurter Zeitung have probably declined, since many rural workers are now war prisoners and have been replaced by women and children. These wages should not now exceed 14 billions, whereas in 1938 they amounted to 18 billions. This could be questioned too. There are still from half a million to six hundred thousand farmers among the French war prisoners in Germany. But before the war, there were about 2 million farm workers and employees, roughly 30 percent of the total agricultural producers; if the same proportion is maintained among war prisoners, only 200 thousand of them -- or 10 percent of the total employed would now still be war prisoners. Since wages on the whole have increased by about 20 percent, it may be assumed that the total agricultural wage bill could be put at 20 billion instead of 14 (or 18 in pre-war times).

Purchases of equipment and commodities by farmers have declined in quantity by at least 50 percent, but the prices paid for these items have increased, perhaps even doubled. The 1938 figure of 30 billion is certainly a maximum now.

Farmers' net income, under these circumstances, must then be approximately (160 - 30 - 20) or 110 billion francs, including rent, interest, and amortization.

B. Income from Wages

The total 1938 income of wage earners, according to the estimate of M. Dugé de Bernonville, was 133 billion francs, distributed as follows:

Agricultural workers	18 billions
Those employed in industry and commerce	81.5
Domestics and personal services	5.3
Governmental and State railway employees	28.2

These figures, however, are only approximate.

For 1942, agricultural wages have been put at 20 billions.

a) Industrial wages are put by the Frankfurter Zeitung at only 40 billion. This amounts to only one-half the pre-war payroll and as a calculation seems also to be very badly substantiated. At the end of 1942, the number of French workers who had been sent to Germany was about 240,000; the number of war prisoners normally engaged in industry and commerce could be put roughly at 400,000. Thus, about 650,000 people, or less than 10 percent of the total employees had been taken out of the French industrial production and out of business. Since there is practically no unemployment in France and the normal work week averages 45 hours, it might be assumed that the total volume of employment is at least equal to the pre-war figures.

Taking account of a wage increase of 20 percent, this would put the payroll at about 100 billions, and not 40 billions, as stated by the Frankfurter Zeitung.

b) People engaged in personal services and domestic work earned slightly more in 1942 than in 1938. Most of them were women, and since it may be assumed that the number employed was approximately the same for both years, their total wage figure for 1942 can be put at 6 billion francs.

c) Government, railroad, and public utility employees have benefited from moderate increases in salary. These increases, favoring chiefly employees with several dependents, were granted as family allowances. The total increase certainly does not exceed 25 percent, thus putting the wage figure of this group at 35 billion francs.

Total wages for these categories in 1942 would therefore be (100 + 20 + 6 + 35) or about 160 billion francs instead of 133 billion.

C. Industrial and Commercial Profits

Pre-war industrial and commerical profits, not including dividends, were calculated by M. de Bernonville at 27 billion francs. It may be assumed that of this figure industrial profits amounted to 20 billion francs and commercial profits to only 7 billions.[1] But certain special factors must be taken into account. To quote the Frankfurter Zeitung:

> Since the Armistice, industrial and commercial profits have followed diverging trends. Commercial profits may now be five or six times.../as high as in 1936/[2] But with regard to industry, the question must be raised whether the profits which appear on the corporations' balance sheets, and which are very often similar to the pre-war figures, are not purely artificial....In fact industrial profits result from the exhaustion

1. The Frankfurter Zeitung states that they were in a ratio of 3 to 1 and gives 21 billion for the total. M. de Bernonville, who gave about 21 billion for 1936 and 27 billion for 1938, has been followed here.
2. Therefore about 25 billion francs, since 1936 commercial profits were roughly 5 billion.

of invested capital, since equipment is not replaced and since the old stockpiles of war materials accumulated at pre-war prices have progressively disappeared. Instead of an artificial profit, it probably would be wiser to speak of a yearly loss of some 5 billion.

This would give 20 billion francs at the most for commercial and industrial profits in 1942. But from our own standpoint, it does not matter whether industrialists have actually lived on their capital or not. What is important is the flow of money which has been actually put in circulation: since the pre-war rate of distributed profits has been maintained by and large, the pre-war 20 billions of industrial profits should be kept in our estimates. This would give, for industrial and commercial profits 20 + 25 or 45 billion.

D. Professional Income

The total income of members of the professional classes (lawyers, physicians, etc.), should also be included, but no figures for 1942 are available. However, it is safe to put them at a slightly higher amount than prevailed in 1938, perhaps at 6 billion francs.

E. Dividends and Interest

M. de Bernonville estimated dividends and interest in 1938 at 30 billion, distributed as follows:

Dividends paid by French companies	8 billion francs
Interest on private bonds	6.5 billion francs
Interest on State and public bonds	13 billion francs
Dividends paid by foreign investments	2.5 billion francs.

According to the Frankfurter Zeitung, the interest on State and public bonds should now be only 12 billion francs in spite of an increase in the French public debt of about 500 billion., because of the many conversions at lower interest rates which were successfully

carried out by the French Treasury in 1941 and 1942. But the average rate of interest declined from about 6 and 5 to 4 and 3.5 percent in 1941-42. This is true for public as well as private bonds. For a total of 19.5 billion francs interest a year, this leads to a reduction of about 4 or 5 billion, although to this must be added the interest on the new public debt, which is chiefly short term at 2.25, 2.00 or 1.75 percent. On the whole it may be assumed that the total yearly interest charge on bonds exceeds the pre-war figure by at least 6 billion francs.

Dividends paid by French companies have in many instances been maintained through recent years at their pre-war level. By and large they probably now reach 6 or 7 billion francs instead of 8.

Dividends from foreign investments are frozen in Allied or neutral countries and do not enter the income balance.

The net result is as follows:

Dividends paid by French companies	about 7 billion francs
Interest on the old private and public debt	about 14 billion francs
Interest on the new debt	about 12 billion francs

The total is 33 billion francs, slightly higher than the pre-war figure.

F. Rents and Pensions

Rents reached 14 billion francs in 1938. The present figures are unknown, but they are probably much the same, due to the legal supervision of urban and rural leases.

Pensions are somewhat higher than in 1938. One of the first social measures of the Pétain government -- which was widely advertised -- was to institute small pensions for aged people. There has also been a slight increase in the pre-war pensions of retired employees, disabled

veterans, and war widows.

The present figure for pensions could therefore be put at 20 instead of 16 billion francs.

G. Summary of Material in Part I

The following table summarizes the figures presented in the foregoing sections:

	1938		1942	
	Yearly income (in billions of francs)	Percent of the total	Yearly income (in billions of francs)	Percent of the total
Agricultural income	42	16	110	28
Industrial wages	133	50	160	41
Entrepreneurial profits	27	10	45	11
Professional income	5	2	6	1.5
Dividends	10.5	4	7	2
Interest	19.5	7	26	7
Rents	14	5	14	4
Pensions	16	6	20	5.5
Total	267	100	388	100

The total annual income could be put accordingly at about 388 billions of 1942 francs. From 1938 to 1942, the general official price index increased by at least 100 percent.

In terms of goods at official prices, real income for 1942 was 388/200 as compared with 267/100 in 1938. The proportion thus would be 388x100/200x267 or about 72 percent. The French real income would therefore be lower by 28 percent. In fact, due to black market prices, real income as expressed in terms of goods is certainly much lower.

H. General Conclusions

1. The drastic decline in real incomes is the first conclusion to draw from this study.

In addition, within this much smaller real income, the distribution among the different groups has also undergone sharp changes.

2. Agricultural income now appears to represent from 25 to 30 percent of the total income instead of 15 to 20 percent.

In terms of real income, the agricultural situation is certainly not as good as it was in pre-war times; farmers cannot obtain the equipment, fertilizers, and tools they need. Nevertheless, their share in the national wealth -- or in the national scarcity -- is definitely better than that of all other groups. When farmers produce a wide range of products, they earn considerable cash by selling in the official or in the black market and at the same time enjoy a sufficient subsistence; when they produce only specialized items, such as cereals or dairy products, (such specialization is rare in France, where monoculture is exceptional), they eat much more of these items and sell the surplus. This accounts, at least partly, for the dearth of milk in France; dairy producers who cannot buy in the market these foodstuffs which they do not themselves produce consequently drink more milk and eat more butter than in pre-war times.

This also explains the vast amount of money hoarded by the peasants; this hoarded money the Economist places at one hundred billion francs. Hoarding on such a scale has had a dual effect: it has weakened the impact of inflation, but it has also diminished the supply of credit to the government, obliging it to resort, via the Bank of France, to the printing press.

3. Workers' income now represents only about 40 percent of the total.

Workers of all categories have been the conspicuous victims of the Vichy regime and of the German occupation, even leaving out of consideration the large scale deportation which has taken place since the beginning of 1943. Present wages certainly do not allow city workers to buy on the black market.

To a lesser extent, the same is true of governmental employees (or of workers employed by public utilities, transportation systems, and the like). Their salaries have been somewhat increased, with special emphasis on family status. But this rise has not been in proportion to the increase in living costs.[1]

4. Different effects have been produced upon incomes in the industrial class. Producers engaged in manufacturing consumers' goods, such as textiles, and, in fact, all commodities for which raw materials are lacking, have suffered heavily since the Armistice.

As a result of the scarcity of raw materials, rationing of fuel, and deportation of workers, a certain concentration of industrial production has taken place. Typical of this is the textile industry. Where 10,200 factories normally employed 650,000 workers in 1938, only 8,000 factories with 350,000 workers were still operating in 1942.[2]

1. With governmental salary increases varying widely according to family status, it is difficult to speak of "one increase." What can be said is this; for an employee with no children, the average increase from 1940 to 1942 has been around 10 percent; for an employee with three children, the increase has been around 30 percent. Since the cost of living has increased on the official market by at least 100 percent, public employees have obviously experienced a drastic decline in real incomes.
2. See Westfälische Landeszeitung, 8 February 1943. The 1942 turnover is put at 20 billion francs as compared with 34 billion in 1938.

On the other hand, all industrial producers working on German orders have benefited from the situation; large industrial establishments, better equipped than small or medium producers, have also benefited to a certain extent from the compulsory rationalization decided upon by Vichy under German pressure.

Businessmen as a whole, according to the Frankfurter Zeitung, have made large profits either on the official or the black market. Banks which have supported the borrowing policy of the government and of the large private producers, helping the latter to float their capitalization increases, have also benefited, without any risk, from the present situation.

5. Pensioners, rentiers, all people living on fixed incomes (and this includes landlords whose rents have been kept unchanged or perhaps not even been paid by war prisoners' families) are also, along with wage earners, the outstanding victims of prevailing conditions.

Pension increases have by no means been in proportion to the rise in the cost of living; the rate of interest on governmental bonds, so widely held by small rentiers, has been sharply decreased by Vichy through successive conversions. The rentiers have, therefore, not only had to pay more for what they bought, but have generally had less money to spend.

This "indicates," says the London Economist, "the degree of pauperization suffered by the small rentiers. The purchasing power of their fixed incomes was already diminished in consequence of the devaluations of the Popular Front period. But it is the Révolution Nationale which

has carried the virtual expropriation of the French rentier to the end. This has been the combined effect of the devaluation of money and the policy of low interest rates which has reduced the nominal income of the rentiers. Large scale conversions of securities and rentes in 1942 allowed Vichy's Minister of Finance to cut the debt services by about one billion francs.

"This impoverishment of small rentiers goes hand in hand with, and supplements, the progressive elimination of small enterprises. It is estimated that towards the end of this year [1943] about 50 percent of the small industrial and commercial enterprises will be liquidated either because of the concentration of enterprise, or because of the lack of raw materials, or because of the conscription of labor for Germany.

"It is difficult to gauge all the implications of this process in a country in which 60 percent of the industrial population drew its income from small enterprises and in which small shops accounted for 90 percent of all trade establishments. The small shopkeeper and artisan — for whom Vichy promised to act as trustee -- have been the main and the most pathetic victims of the Révolution Nationale."

6. For these reasons any drastic devaluation in the rate of the French franc, when France is liberated, would heavily impinge on the actual status of the lower middle class, which has suffered already so much from recent developments.

II. NEW SOCIAL TRENDS

To the changes in the distribution of income already described, must be added two significant new trends which have also had important effects upon the French social system.

The first is the creation of several new bureaucracies entrusted with the operation of the Vichy planned economy through the Offices de répartition for raw materials, the various Comités d'Organisation for industrial management, the various Comités Interprofessionels and Bureaux de répartition for agricultural commodities, and the new Syndicats Uniques and Comités Sociaux d'Entreprise of the Labor Charter, for industrial relations.

The second is the demoralizing effect of the scandalous profits of collaborationist businessmen, traders and black market operators, against the background of starvation wages and salaries of workers and white collar employees.

A. The New Bureaucracies

The necessity of supervising the allocation of raw materials and foodstuffs, and of organizing the German occupation authority and the Vichy government, has given rise to a new and powerful bureaucracy.

1. The New Producers' Bureaucracy. Organization Committees amount now to 190, and it may be assumed that they employ at least twenty thousand people. To these must be added the bureaucracies of the industrial and agricultural allocation boards of all kinds. These new bodies present two characteristics: (a) they have been staffed with members of representatives of the most important economic groups which

the committees are supposed to coordinate or to supervise; (b) they are all-powerful in all questions concerning the allocation of industrial or agricultural raw materials, price fixing, the closing of plants, cooperation with the French Government, and economic collaboration with the German authorities. This new producer's bureaucracy has certainly provoked the hatred of the small or medium producers, who receive only crumbs of the initially small quantities of goods or facilities. Within the French economic system, the result of these changes has been an increase in the power of France's big industrial and agricultural producers.

2. The New Trade Union Bureaucracy. On the other hand, the new bureaucracy of the trade unions has neither authority nor prestige. This bureaucracy scorned by the employers, has been unable to win the support of the working class; it is of course despised by all the union leaders who have now joined resistance groups. Great weariness still prevails in the new French labor unions organized according to the Labor Charter of October 1941. In a recent issue of Le Mot d'Ordre, published in Marseille, M. Ludovic-Oscar Frossard, a former leftist politician and French Minister of Labor, now a follower of Vichy, wrote:

"The employer has too often himself appointed the workers' delegate. Such a delegate enjoys, of course, no prestige among his comrades. What is the use of powerful unions if they are deprived of their souls? What is the use of compulsory and unitary unionism if it is only an instrument of bureaucracy for the union officials,

consisting of red tape and indifference."[1]

New trade union leaders and the old leaders who have rallied to the Vichy regime have bitterly insisted on the necessity of free elections. Only free elections, they feel, will give them some prestige with the former democratic leaders, and only free elections will give the rank and file some guarantee of independence.

"If, as a matter of long range policy, union leaders were to be appointed and not elected, what a terrible weapon of criticism would be available to those who tomorrow will attack the workers' organizations."[2]

In the Vichy labor paper Au Travail (30 May and 13 June 1942), union organizers André Salembier (Nord) and Paul Viret (Haute-Savoie) speak of the "hypocritical domination" of the employers, of their lack of fair play. "No real leader is allowed to become a member of the new Social Committees." In Haute-Savoie, an employer announced to his workers, "I have decided to make up a Social Committee in my plants. I have chosen your delegates. Here they are. O.K.?"

This situation has resulted in the rebirth of the old traditional trade-unionism, Socialist, Christian, or Communist.

"Aside from the departmental unions which have already united with us," the clandestine bureau of the reconstituted C.G.T. writes to its branch in London,[3] "we have, at all places where departmental unions could not officially adopt our point of view, clandestine unions which

1. Le Mot d'Ordre, 3 March 1943.
2. Au Travail, 28 November 1942.
3. From a confidential and probably reliable source, as of July 1943.

are working well....The policies of Belin, Roy, Savoie /Vichy leaders/ on the one hand and, on the other of Dumoulin, Renard, Bertrand /Paris collaborationist leaders/ are crumbling....There is only one set of men who work for Pétain and the Charter, they are around the Institut d'Etudes Corporatives et Sociales, with Lefranc, Vigne, Dumoulin, Bourneton, Bertin, Gignoux and his entourage."

This clearly indicates the complete failure of the official trade-union bureaucracy.

B. The Demoralizing Effects of Wide Income Discrepancies

There can be no better illustration of the demoralizing effect of wide income discrepancies than that contained in the following quotation:[1]

"In a black market restaurant on the Right Bank where meals are served for 1000 francs, a waiter makes about 1500 francs a day. In another one on the Champs Elysées, clients leave up to 500 francs as a tip; it is true that clients are less numerous, but waiters expect to make 1800 or 2000 francs a day. As for cabarets, there are exceptional cases where waiters have received 4000 francs in one night. By getting 1000 to 1500 francs daily as a discreet helper in black market restaurants, one risks legal discovery....About 600 black market restaurants have been closed in Paris, but their personnel soon finds employment in others.

"And yet there are in Paris some workers who live on 50 francs a day. Some railroad men make 2000 francs a month. A university professor, after more than ten years of hard studies, often receives 110 francs a day."

1. OSS #45503, as of September 1943.

APPENDIX TO FARMERS' INCOME (personal estimates)[1]

	1939 Indexes			1942-1943 Indexes								
Items	Production	Prices	Total value	Total production	Production sold at official prices	Official prices	Value production sold at official prices	Production sold on black market	Black market prices	Value production sold on black market	Total value total production	Relation between 1939 total value and 1942-43 total value
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
			2x3 / 100				6x7 / 100	5-6		9x10 / 100	8+11	12 / 4
Wheat	100	100	100	60	50	190	95	10	400	40	135	1.35
Potatoes	100	100	100	80	40	450	180	40	900	360	540	5.4
Eggs	100	100	100	50	25	320	80	25	1000	250	330	3.3
Milk	100	100	100	60	40	200	80	20	600	120	200	2.
Butter	100	100	100	50	35	250	90	15	1000	150	240	2.4
Mutton	100	100	100									
Beef	100	100	100	60	40	125 to 150	55	20	500	100	155	1.55
Veal	100	100	100									
Wine	100	100	100	70	50	290	95	20	400	80	175	1.75

1. For reasons explained on page 5, this comparative table does not take account of the quantities of certain staple items like wheat, potatoes, milk, utilized for animal feed and the quantities of the crops used for seed.

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